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Office Memorandum • UNITED STATES GOVERNMENT

TO : Chief of General Services

FROM : Chief, Administrative Service

DATE: 10 March 1952

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SUBJECT: Survey of Shipping and Procurement Procedures -

In accordance with your request for my comments on the Staff Study dated 26 February 1952 by on the subject of "Survey of Shipping and Procurement Procedures", they are as follows:

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1. The Transportation Division was originally organized in January 1951 with the Shipping Branch a part thereof, apparently for the purpose of centralizing transportation functions. It seemed to me then, as it seems now, that the decision for centralization was based upon sound organizational thinking and, therefore, I feel it my place to disagree on the proposed transfer of the Shipping Branch.

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2. There are a number of factors not considered by Mr. in his study which are as follows:

a. The function which the Procurement Office has performed in connection with transportation of supplies and equipment in requesting military supplies, was improperly performed without consulting with the Chief, Administrative Service, or the Transportation Division. Therefore, the fact that they had done this does not necessarily indicate that it was properly done or that the instructions given to G-4 in this connection were correct.

b. G-4 is merely a central coordinating, policy making and priority determining activity for the Department of the Army in so far as requests for the procurement of supplies and equipment for CIA is concerned. G-4, upon receipt of a request from the Procurement Office breaks each request down into the various technical services, that is, Signal Corps, Ordnance, Engineers, etc., and these technical services in turn deal with the Transportation Corps of the Army. Each technical service, of course, determines the availability of the supplies and equipment requested, relative priorities as directed by G-4 and then upon making the items available for shipment advises the Transportation Corps of the Army that the shipment is ready to be moved.

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Thereafter the problem is purely one of transportation in which the technical services are not involved. In the past during World War II and in the present situation in the event of a transportation problem, representatives of the Shipping Branch deal with representatives of the Transportation Corps of the Army on purely transportation matters and are qualified to discuss the subject. Also, the supervisors in the Transportation Division are well qualified to deal with these types of problems.

c. The Department of the Army apparently had in the past considered it wise to separate purely procurement functions from transportation functions and it is on this functional separation that the Army system is based.

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d. When this question was previously raised in the summer of 1951, OSO and OPC at that time took the position that because of the fact that they had previously received conflicting information both from the Procurement Office and the Shipping Branch as to whether or not a particular shipment had moved, and upon investigation found that the information furnished by the Shipping Branch was always correct, they favored the Shipping Branch remaining under the Transportation Division. This thinking follows the Army concept in having procurement personnel deal with procurement problems and transportation personnel deal with transportation problems, and that the latter serves as a check and balance on the former. Since this matter has not been discussed with OSO and OPC recently, I do not know what their present position might be.

e. There is no confusion within OSO and OPC as to the office to which they are supposed to go for information regarding transportation, and, as a matter of fact, there are a number of other problems that OSO and OPC deal with the Shipping Branch on which are not in any manner related to the functions of the Procurement Office. These things include return from overseas of a variety of items including documents, equipment (Sovmat items), indigenous personnel and other covert matters in which the Procurement Office does not become involved. When the pink shipping document is reproduced by the Procurement Office, the Procurement job is completed and the problem is the one of transportation which has been efficiently carried out to date.

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f. Other than the G-4 matter, which is not really a problem, the study fails to point out any other problem which exists which would indicate the necessity for the proposed transfer. I have not had a single complaint from OSO, OPC or the Procurement Office with respect to the lack of performance, neglect, oversight or any other matter in which the Shipping Branch may have been delinquent. Therefore, if there is no problem to be corrected what could possibly dictate the transfer of this function other than the desire for control.

g. The projection of tonnages with respect to transportation to be furnished by the Department of the Army is not a problem with which the Procurement Office itself will become concerned. This is purely a matter between the technical services and the Transportation Corps of the Army based upon equipment requirements, and all of the shipping problems including that required for CIA will be considered by these activities collectively. The function of Procurement in relation to the Department of the Army primarily is a paper transaction in which the Department of the Army takes 99 per cent of the action without consultation or guidance from anyone other than G-4. As long as I have been in the Agency we have not had sufficient volume of shipments to contract for "entire 'bottoms'", (paragraph C 3 a.), and I seriously doubt that the Agency will ever have such a requirement, but if so the contracting will be done by the Army.

With respect to paragraph C 3 b., Mr. [] fails to point out that the Shipping Branch has ever been guilty of not handling the movement of any shipment with "speed".

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With respect to paragraph C 2 c., the planning of warehouse requirements in relation to moving of shipments is one which can be performed in cooperation with the Shipping Branch as a part of the Transportation Division in the same manner as it could be done if it were a part of the Procurement Office. Organizational separation does not imply operational difficulty.

3. If the thinking behind the proposed transfer is sound then many organizational changes within the administrative activities should be made for the identical same reasons as those given

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for the proposal, namely, Payroll from Finance, Personnel Security from Inspection and Security, Travel from Administrative Service to the Director of Personnel, Physical Security to be transferred to Administrative Service, and Audit to be transferred to the Comptroller, where it was at one time and was removed. Also, Procurement should control the payment of bills which is a part of every procurement transaction.

4. In view of the above I think that the problem is one of controlling action from the time of initiation to time of completion, and if organizational structures are to be dictated by this factor then I believe that the transfer should be made. However, if organization is to be determined on a functional basis and the function of Transportation in CIA is considered to be of such complexity and magnitude as to dictate the existence of the Transportation Division, then I think the transfer should not be made. I leave the question, therefore, to be decided on the basis of organizational policy which is not within my jurisdiction to either make or recommend.



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